



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Request for Proposal for City Broker of Record (Employee Benefits)

MEETING DATE: April 2, 1997

SUBMITTED BY: Human Resources Director

RECOMMENDED ACTION: By motion, authorize staff to solicit proposals for employee benefits as provided in the attached specifications.

BACKGROUND INFORMATION: The City is in the process of examining its benefit structure and is looking to incorporate a cafeteria benefits plan into its structure. To assist us with this new venture and to provide overall assistance in the administration of the City's employee group insurance program, we are soliciting proposals from companies to provide us with expertise to obtain optimum services at competitive costs.

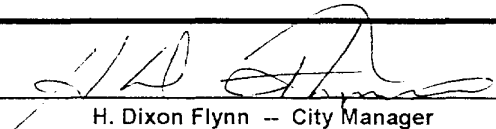
Employee Benefits: For several years the City has utilized a broker to assist in obtaining and maintaining employee benefits. The broker's primary function has been to assist the City in administering its life, vision, long term disability, group purchase medical and self-insured dental plans. The full scope of services to be provided is described in the attached request for proposal.

Request for Proposal: The attached request for proposal (RFP) is based upon a comprehensive analysis of the needs of the City as determined by the Human Resources Director and Finance Director.

Selection Process: The evaluation of proposals and selection of the firm will be made by a panel of three people to include the Human Resources Director, the Finance Director and a Public Sector Benefits Administrator.

Selection will be based on the firm's general qualifications, cost, technical experience and ability to provide a full range of services. The technical experience and ability to provide full services will be weighted more heavily than the proposed cost.

APPROVED: _____


H. Dixon Flynn -- City Manager



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FUNDING:

The funding for these services is included in the City budget for benefit services. The actual cost of this service will be based on the bids received.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Joanne Narloch", written over a horizontal line.

Joanne Narloch, Human Resources Director

Attachment: Request for Proposal

cc: Finance Director

APPROVED: _____

H. Dixon Flynn -- City Manager

CITY OF LODI
REQUEST FOR PROPOSALS

BROKER OF RECORD
EMPLOYEE GROUP INSURANCE PROGRAM

NOTICE IS HEREBY GIVEN that the CITY OF LODI, a political subdivision of the State of California, will receive proposals for the establishment of a Broker of Record for the City's employee group insurance programs.

The City currently provides employee group insurance coverage as outlined on the attached Insurance Inventory.

I. PROPOSALS SHALL BE BASED UPON THE FOLLOWING SCOPE OF SERVICE:

- A. The broker agrees to provide consulting services which may include, but are not limited to the following:
 - 1. Assist the City in administering its life, vision, LTD, group-purchase medical and self-insured dental plans; responding to questions from and providing information to City staff, settling claims disputes and other oversight services during the course of the programs.
 - 2. As required, to participate in the development of a cost containment strategy for the City of Lodi.
 - 3. Provide on-going consultation and advice on City coverage's, including implementation of any recommendation arising from Item 1.
 - 4. Review each fiscal year's operations of the City's coverage's, from the standpoint of loss ratio, analysis of claims, expense, and other factors, and report the results of such annual reviews to the Human Resources Director.
 - 5. Conduct annual actuarial analysis of the City's self insured programs, including recommending appropriate premium rates and liability accounting data to meet GASB reporting requirements.

6. At the request of the Human Resources Director, prepare specifications and requests for proposals to be submitted to prospective carriers/providers of employee benefits including risk management services. Note: Consultants shall be prohibited from competing for the services to be covered by a request for proposal.
7. At the request of the Human Resources Director, analyze proposals received from carriers in terms of premium, retention, policy provisions, administrative services, claims services, capacity to handle the risk; and submit such analysis along with recommendations as to the carriers to the Human Resources Director.
8. Consult with the Human Resources Director when called upon through the year on any matters pertaining to the operation of the City's employee group insurance programs.
9. At the Human Resources Director's request, produce, at short notice, probable cost of actual or hypothetical changes in the insurance programs.
10. Advise the Human Resources Director on an on-going basis, on new trends and developments in the employee benefit field, including state and federal legislation.
11. Participate in negotiations with carriers regarding premium renewals and conditions.
12. Review and evaluate periodic reports of claims experience and other statistical reports submitted by insurance providers and report findings to the Human Resources Director.
13. Participate in the writing of insurance contracts in cooperation with the provider and the Human Resources Director.
14. Assist the City with the communication and education of existing programs to employees and implementation of new programs or changes to existing programs, which will include preparation of employee handbooks and/or descriptive literature and attending workshops and meetings as necessary and as determined by the City staff.
15. Appear as a subject matter expert upon the Human Resources Director request at negotiating sessions between City management and labor organizations when the City's employee group insurance programs are being discussed.

16. Assist the City in obtaining, preparing and distributing employee benefits plan literature and materials and to maintain an inventory of same.
 17. Provide monthly eligibility billing reconciliation services.
 18. Provide such other services consistent with devising, adopting, administering or revising plans of insurance coverage for the City.
- B. The proposals shall be firm and may not be withdrawn by the Broker prior to June 4, 1997. The term of the agreement for services shall be for a period of approximately one year, with the City's option to renew on a year for year basis.

II. SUBMITTAL REQUIREMENTS

- A. Please submit a representative list of clients for whom your firm has provided employee benefits consultant services in the past three years. Emphasis should be given to public entity clients. Please include:
1. Name of client
 2. Contact person, phone number and fax number
 3. Type of service provided
 4. Size of group
- B. Name, title, statement of qualifications and current client list for consultant that would be assigned to the City account.
- C. Name and qualifications of key support staff relevant to the City account. The Broker shall describe its qualifications and experience of personnel in a manner that will allow City to determine Broker's ability to perform the quality and quantity of service required.
- D. Please describe any unique qualifications and/or services provided by your firm which would allow the firm to respond to the scope of services previously outlined.
- E. Describe the actuarial and rate development services available to your firm.

- F. Proposed maximum annual fee for services rendered as outlined herein. For services rendered to the City, the Broker may be entitled to commission and service allowances paid by insurance carriers in connection with the City's insurance programs. However, any such commission or service allowance shall serve to offset the maximum annual fee.

III. EVALUATION CRITERIA

A Selection Committee will review each proposal and conduct an interview with the Broker's project management and key personnel of the most qualified firm(s).

Preference will be given to those firms which can show a clear track record of providing consulting and brokerage services to self-insured clients, experience in implementing managed health care programs and providing actuarial consulting services for self-insured and fully-insured benefit plans.

The Selection Committee will rate each interviewed firm's proposal and identify the rank of proposals in a selection order based upon the following criteria:

RATING ITEM

1. The Broker's specialized experience, qualifications and technical competence, as related to the services required.
2. Broker's demonstration of a clear understanding of the project as evidenced in their written and/or oral proposal.
3. Broker's past record of performance including control of costs, quality of work and completion, in a timely manner.
4. Broker's present workload and availability of staff for the project and ability to meet proposed schedule.
5. Broker's annual cost of services. The Council is not bound to accept the lowest bid.

IV. CONSULTANT SELECTION

Upon completion of the rating of the Broker's firms, an agreement shall be prepared with the top ranked firm for consideration by the City Council.

The City Council retains the right to reject any and all proposals which do not comply with provisions of this request for proposal or for economic reasons.

V. OTHER INFORMATION

04/04/97	Requests for Proposal (RFP) are mailed to prospective firms.
05/02/97	Final due date for RFPs to be received in the City of Lodi office.
05/14/97	Paper screening.
05/28/97	Selection interviews for final prospective firms.
06/04/97	Broker/consultant selection to be approved by City Council.
07/01/97	Commencement of broker/consultant services.

Please note that this time schedule may be subject to change and that notification of any changes will be relayed to the appropriate individuals or firms.

Other information regarding the City of Lodi benefits programs may be obtained by contacting Joanne Narloch at the City of Lodi offices: (209) 333-6704.

VI. RESERVATIONS

The City of Lodi reserves the right to reject any and all proposals, and solicit additional proposals if deemed necessary to do so. The City of Lodi reserves the right to award a contract on the basis of its overall evaluation of the proposer's ability to serve the needs of the City's members.

VII. DISQUALIFICATION

Unless all information requested is provided by the proposer, the proposal may be disqualified and given no further consideration.

Employee Group Insurance Inventory
Fiscal Year 1995-96

Health

Foundation Health Plan	\$1,832,159.00 annual premiums
530 Active	
77 Retirees	

Dental

City Self -Insured Plan	\$231,886.00 annual claims
405 Active	<u>\$ 43,242.00 annual adm. fee</u>
	\$275,128.00

Vision

Vision Service Plan	\$61,665.00 annual premiums
405 Active	

Long-Term Disability Insurance

City Self-Insured Plan	\$77,136.00 annual claims
286 Active	

Term Life

Standard Insurance Plan	\$31,178.00 annual premiums
293 Active	

Accidental Death Insurance

Continental Casualty Company	\$ 4,580.00 annual premiums
212 Active	

Accident Travel Insurance

Mid Central Valley	\$ 1,249.00 annual premiums
82 Active	

RESOLUTION NO. 97-39

A RESOLUTION OF THE LODI CITY COUNCIL
AUTHORIZING STAFF TO SOLICIT PROPOSALS FOR EMPLOYEE BENEFITS

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WHEREAS, the City is in the process of examining its benefit structure and is considering a cafeteria benefits plan; and

WHEREAS, this new venture, along with a need to provide overall assistance in the administration of the City's employee group insurance program, requires soliciting proposals from companies to provide expertise and obtain optimum services at competitive costs; and

NOW, THEREFORE, BE IT RESOLVED, that the City Council hereby authorizes staff to solicit proposals for employee benefits.

Dated: April 2, 1997

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I hereby certify that Resolution No. 97-39 was passed and adopted by the City Council of the City of Lodi in a regular meeting held April 2, 1997, by the following vote:

AYES: COUNCIL MEMBERS -

NOES: COUNCIL MEMBERS -

ABSENT: COUNCIL MEMBERS -

ABSTAIN: COUNCIL MEMBERS -

JENNIFER M. PERRIN
City Clerk